



U.S. TRADE CAPACITY BUILDING INITIATIVES IN THE CARIBBEAN

S E P T E M B E R 2 0 0 2





“The hopes of all our peoples, everybody who lives in this hemisphere, no matter where they live—lie in greater freedom. Free markets and open trade are the best weapons against poverty, disease and tyranny.”

President George W. Bush
J A N U A R Y 1 6 , 2 0 0 2

“Providing assistance to promote trade-related capacity building in developing countries is an integral part of promoting their future economic development and prosperity.”

Ambassador Robert B. Zoellick
J A N U A R Y 2 1 , 2 0 0 2

“Trade and investment are critical to economic growth ... Our current trade capacity building programs help countries prepare to join the World Trade Organization, understand WTO regulations so they can participate in rules-based trading more effectively, and identify exports that can compete more effectively in world markets.”

Administrator Andrew S. Natsios
A P R I L 2 5 , 2 0 0 2

The U.S. government is committed to assisting developing countries increase their ability to trade in a global environment and participate in important trade negotiations, such as the Free Trade Area of the Americas (the FTAA) and the World Trade Organization's Doha Development Agenda. In fiscal year 2002, U.S. trade capacity building assistance to the Caribbean Community and Common Market (CARICOM) members totaled over \$19.6 million, up from \$15.5 million in 2001, a 27% increase. This includes Caribbean regional projects of over \$11 million in 2002 — up from \$3.4 million in 2001. The fiscal year 2002 bilateral programs in Guyana, Haiti and Jamaica were over \$776,000, \$5.8 million and \$1.9 million respectively.

HIGHLIGHTS OF THE CARIBBEAN REGIONAL PROGRAM

Support for the CARICOM: CARICOM requested computers and related equipment for its Regional Negotiating Machinery (the RNM) to create a virtual secretariat to more effectively coordinate trade policy positions across CARICOM 15 member states. USAID responded by purchasing and installing a computer network in each of the CARICOM member states' trade ministries. The network provides true workgroup collaboration, email, document management, and forums to enable member countries to collaborate and exchange information on trade-related matters. USAID assists the RNM in order to enhance CARICOM members' effective participation in the FTAA negotiations and to complement the governments' efforts in the World Trade Organization.

Additional activities include:

- Hiring an Information Technology Specialist to administer the Virtual Secretariat network;
- Conducting special focus seminars on trade issues of interest to key stakeholders, such as ministries, private sector, civil society groups and non-governmental organizations; and
- Training on international trade matters in order to build institutional capacity with the governments of the region.



Telecommunications Reform: USAID is helping to reform and modernize the Eastern Caribbean's telecommunications sector and strengthen the ability of the private sector to compete in the international marketplace. Substantial progress has been made in establishing the Eastern Caribbean Telecommunications Authority's regulatory framework, and movement has been made in interconnections, setting tariffs, licensing, pricing, and spectrum allocation and license fees.

Fiscal and Monetary Reforms: Through the newly established Caribbean Regional Technical Assistance Center (CARTAC), USAID and other donors are providing technical assistance and training to Caribbean governments on fiscal and monetary policies and regulations.

Regional Trade Program and Business

Development: A new program is under development which will support both the public and private sectors in key areas such as, (i) removing unnecessary constraints to business development; (ii) strengthening the region's ability to meet international trade obligations; and (iii) identifying and assisting key goods and services sectors. USAID has also funded business advisors to provide technical assistance for small and medium-sized companies in the Organization of Eastern Caribbean States (OECS) countries.



Sanitary/Phytosanitary Standards: USAID is assisting the OECS countries draft legislation that complies with international requirements in food safety, animal and plant health.

HIGHLIGHTS IN GUYANA

Commercial Law, Regulations, and Public Services: USAID assistance has played an important role in Guyana's effort to improve its investment climate. One of USAID's successes in this area has been the development of a Guyana Investor Roadmap. The Roadmap is a tool that helps investors understand and navigate the myriad administrative rules and procedures required to invest in Guyana, and is a key step in making Guyana more attractive to investors.

USAID technical assistance and training to the Guyana Office for Investment (GO-INVEST), the country's investment and export promotion agency, has improved the office's capacity to deliver services to private investors and exporters. It has resulted in a dramatic increase in the percentage of potential investors reporting satisfaction with services received from GO-INVEST, from 43% in 1999 to 94% in 2001. The average number of months to process applications has dropped over 50% in the last two years.

During the next year, USAID will continue to work with both the private and public sectors to make the investment process in Guyana more transparent and non-discriminatory. The program will also continue to build on its success in working with the regional Chambers of Commerce, and will establish mechanisms for collaboration and cooperation among the private sector organizations.

International Standards: Another area where USAID has achieved important results is in the development of standards for goods and services. This is critical for local export producers to meet international standards and take advantage of new market opportunities. As a result of USAID support, the Guyana National Bureau of Standards—the institution responsible for setting and enforcing product and quality standards for all goods and services in the country—is better able to communicate with its stakeholders and customers, and to train its own officials.

Private Sector Advocacy: USAID also provides assistance to private sector organizations, in the areas of organizational development and strategic planning. This assistance helps organizations identify member expectations, service requirements, and actions needed by the organization to meet member needs in a timely fashion. The most critical advocacy areas continue to be tax reform and the creation of a transparent and non-discriminatory investment code that will boost the confidence of investors and remove bureaucratic



impediments to investment. As a result of the program's successes, USAID has expanded the program over the past year to reach a total of twelve private sector organizations.

Micro-enterprises: Despite the uncertain political climate and an estimated GDP growth rate of only 1.9% in 2001, USAID/Guyana's micro-enterprise partners disbursed 3,562 micro-enterprise loans in 2001, with women receiving 69% of the loans. This statistic represents an increase in the number of individuals receiving loans from 2,426 in 2000 to 2,600 in 2001. As a result of training in cash flow analysis, lending techniques, and identifying and managing loan delinquency, Guyana's Institute of Private Enterprise Development, was able to reduce the delinquency rate for micro-enterprise loans from 6.5% in 1999 to 4.3% in 2001.

HIGHLIGHTS IN HAITI

Agriculture and Trade Capacity Building: USAID/Haiti's program has resulted in sustainable increases in both the export of selected cash crops and in the productivity for staple crops in targeted areas. To maximize impact, efforts have been focused in some of the most strategic hillside production areas, benefitting about 250,000 farmers. Through a network of 80 organizations, these farmers produce quality agricultural commodities for both local and overseas markets while promoting the use of practices that are environmentally sound.

USAID has helped over 70 grassroots organizations develop direct commercial relationships with large-volume buyers, including exporters, thereby opening up new markets, reducing the role of intermediaries and increasing revenues for small producers. New contracts for supplies of specialty coffee were recently negotiated by Fédération des Associations Caféières Natives (FACN) with European and Japanese importers. In addition, by linking farmer organizations with exporters, farm gate prices for cacao have increased by 18%. The marketing contracts concluded by these grassroots organizations have generated nearly 6,500 seasonal jobs.



With USAID assistance, about 35,000 farmers produced eight crops for export (mango, coffee, taro, pumpkin, cacao, yam, genep, and miniature dried oranges), with sales in excess of \$1.4 million (vs. a target of \$1.2 million, an increase of over 60% from the previous year). Thousands of small farmers also managed large numbers of trees as harvestable crops, contributing greatly to their incomes and reducing the potential for further environmental degradation.

These successes are due in large part to USAID-trained extension agents, whose numbers increased from 408 in 1993 to over 1,000 in 2001. Thanks to technical assistance provided to farmers under the Hillside Agriculture Program (HAP), cocoa quality improved greatly, with zero rejection of beans in 2001 versus more than 30% the previous year.

HIGHLIGHTS IN JAMAICA

FTAA and Global Trade Forums: USAID will begin a program to advise business and government on the latest trade developments. Training will be given to private sector executives to improve their understanding of trade reforms and stimulate their participation in on-going trade negotiations. It is anticipated that these forums will improve the business environment in the context of international trade liberalization.

Competitiveness Clusters: Together with the Jamaican Export Association and DFID (British Development Agency) USAID is contracting with a firm to develop an analysis of the most potentially competitive sectors of the Jamaican economy and how to increase significantly the ability of these clusters to become more competitive in anticipation of trade reforms.

The Jamaica Conference Board: Through a Cooperative Agreement with the Jamaica Chamber of Commerce (JCC), the Jamaica Conference Board was established to provide rigorous analysis of critical

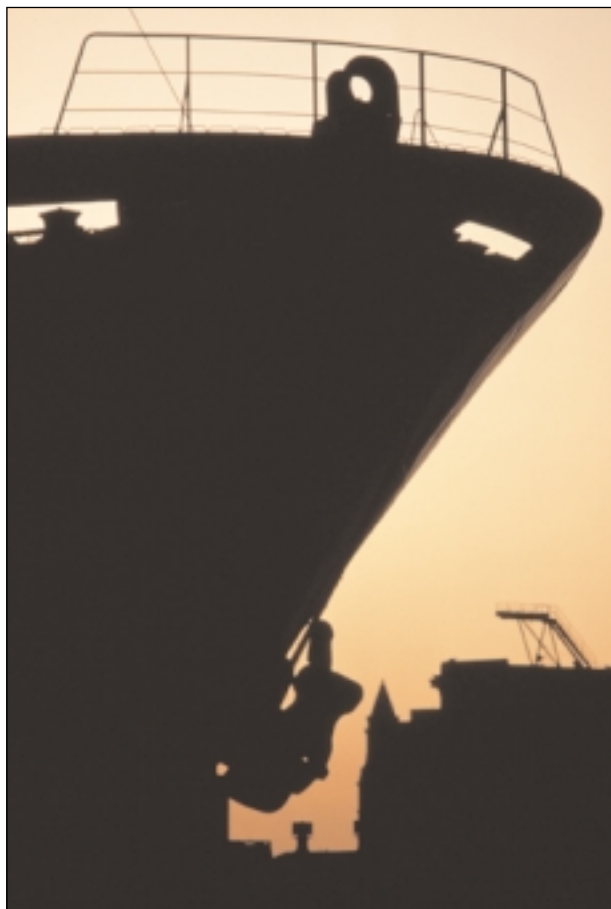
issues impeding economic growth in Jamaica and a forum for the private sector to discuss these issues with key public sector officials. The Jamaica Conference Board incorporates key CEO's in Jamaica and topics for discussions which impact on the bottom line of companies. The Conference Board has also developed Jamaica's first Confidence Index, which is a survey that looks at how individuals feel about the economic situation of country and how it will benefit them.

Business Road Map: A comprehensive Aroadmap study^a has been carried out by consultants Booz Allen and Hamilton on government requirements that businesses in Jamaica confront in establishing and carrying out day-to-day business operations. Bottlenecks were identified as well as procedures that require streamlining. Some of the areas identified for immediate changes are land development, incentives, tax compliance and customs.

Briefing Room: This initiative involves the Jamaican Manufacturing Association, the Jamaica Exporter Association and the Jamaican Chamber of Commerce. Resources are being directed towards improving the understanding by the private sector of the various trade negotiations and the implications for their businesses.

Thus informed, the private sector is able to both convey their views and concerns to the public sector and to develop business plans, taking into account the potential impact of a global environment. This results in:

- 1) governments and the private sector working together to identify and eliminate the constraints to trade and investment in the region and 2) companies better able to compete internationally.



Market Securities: Assistance is also being provided to Jamaica Central Securities Depository to enable them to acquire a commercial “off-the-shelf” software solution for improving the management of the Fixed Income Securities (FIS) market in Jamaica. This initiative will eliminate the need for physical paper transfers, thereby increasing efficiency, and improving the services to the relevant government agencies such as the Central Bank of Jamaica.

Establishing an Automated Check Clearing System:

Currently, all 70,000 to 100,000 checks that are written in Jamaica on a daily basis are manually cleared. This process can take anywhere from seven to ten days which has a negative impact on the efficiency and competitiveness of companies. We are currently implementing a program with the commercial banks in Jamaica to automate this system and reduce check clearing to a maximum of three days.

Commercial Training: Personnel from 500 firms will be trained on how to effectively use computer-based management software solutions and information technology. This training is aimed at improving business skills.

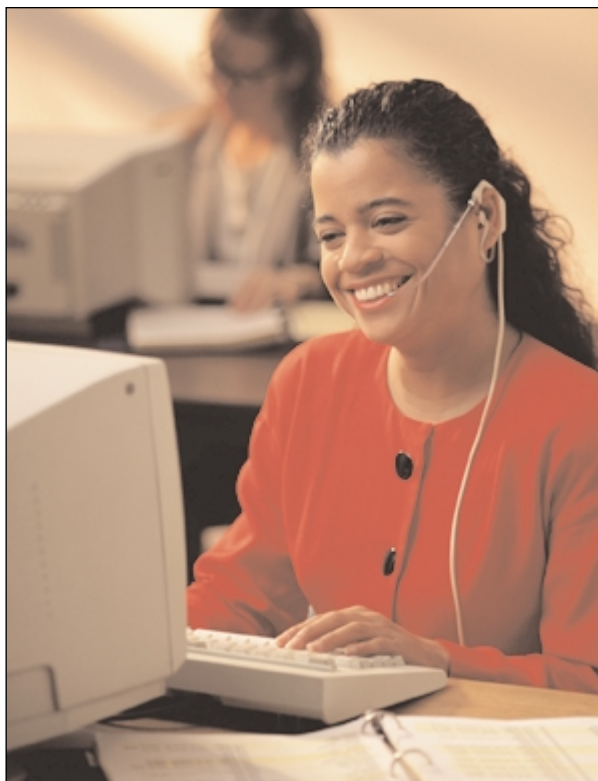
Introduction of Jamaica's First Application Service

Provider, MCS.com: Just a few months after its launch, MCS.com, the creators of online payroll service, BizPayCentral.com - the first of its kind in Jamaica- won the award for Best Small Business Solution for the Caribbean, at the 2002 Microsoft Certified Partners Awards held in Los Angeles, California. The on-line payroll service was developed with USAID support primarily for small businesses such as, pharmacies, gas stations, small commercial retail outlets, small manufacturing institutions, service outlets and independent professional offices, with a staff of ten or less that are operate a manual payroll, or who outsource their payroll. The ability to automate payroll, monthly reports and

mandatory annual reports for tax purposes eliminates the need for small businesses to purchase and maintain an expensive payroll package.

Micro-enterprise Lending Program: USAID has a successful micro-enterprise lending program that has been in operation for several years and has been divested to the Jamaica National Building Society (JNBS). JNBS is a financially sound, privately owned and operated financial institution. It has branch offices all over the Island and is expanding the micro-enterprise program island-wide.

Small and Medium Enterprises (SMEs): USAID helps to increase access to financial products from Capital & Credit Merchant Bank and ALETS@ Investments (a Jamaican-owned investment brokerage house). Assistance to these institutions is will allow small and medium enterprises to access new and increased financial products and services in Jamaica. It is anticipated that approximately 700 SMEs will access new financial products and services from these institutions annually.



“The goal is to provide people in developing nations the tools they need to seize the opportunities of the global economy.”

President George W. Bush

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